



National Child Care Information Center

A service of the Child Care Bureau

NCCIC

243 Church Street NW, 2nd Floor

Vienna, Virginia 22180

Phone: (800) 616-2242 Fax: (800) 716-2242 TTY: (800) 516-2242

World Wide Web: <http://nccic.org>

COST of CHILD CARE in the UNITED STATES

Child care costs vary by community and by State as well as by the type of care used by the family (e.g., center-based care tends to be more expensive than family child care) and the age of the child. A useful source for the cost of care in an individual community is generally a child care resource and referral agency (CCR&R). These agencies collect information on the supply and demand of child care in a local community. To find a resource and referral agency in a particular community, contact Child Care Aware, a national initiative linking parents with quality child care programs, at 800-424-2246 or on the Web at <http://www.childcareaware.org>.

The following selected resources provide information about the average cost of child care. The first section, [Analysis of the National Market](#), provides a list of resources with information about child care costs in the United States. The second section, [Selected State Resources](#), provides a list of State studies with information about cost of care. The next section, [Resources on Military Child Care Costs](#), looks at the cost of military child care. The final section, [Additional Resources](#), provides links to other NCCIC resource compilations that provide relevant information regarding cost of child care.

ANALYSES OF THE NATIONAL MARKET

■ “Table 9-12 — Use of Paid Child Care Arrangements for Children Under Age 5 Among Families with Working Mothers, Median Weekly Child Care Expenditures, and Percent of Family Income Spent on Care, by Poverty Status and Family Income, Spring 1999” (January 2004), in the *2004 Green Book: Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means*, published by the U.S. House of Representatives, lists percent of families paying for care, average weekly cost of care, and percent of family income spent on care. This resource is available on the Web at <http://waysandmeans.house.gov/media/pdf/greenbook2003/Section9.pdf>.

■ *Expenditures on Children by Families: 2003* (2004), by Mark Lino, published by the U.S. Department of Agriculture, Center for Nutrition Policy and Promotion, presents estimates for husband-wife and single-parent families using data from the 1990–1992 Consumer Expenditure Survey, updated to 2003 dollars using the Consumer Price Index. Data and methods used in calculating annual child-rearing expenses are described. Estimates are provided for major components of the budget by age of child, family income, and region of residence. Nationally, childrearing expense estimates ranged between \$9,510 and \$10,560 for a child in a two-child, married-couple family in the middle-income group. Adjustment factors for number of children in the household also are provided. This resource, as well as annual reports from 1995–2002, are available on the Web at <http://www.usda.gov/cnpp/using2.html>.

■ “Poor Families in 2001: Parents Working Less and Children Continue to Lag Behind” (May 2003), a *Research Brief*, by Richard Wertheimer, published by Child Trends, presents a statistical snapshot based on national survey data of working poor families with children in 2001. With regard to the amount that child care consumes of a working poor family’s income, the Brief states:

Among the 22 percent of working poor families headed by single mothers who paid for child care, 40 percent spent at least half of their cash income on child care, and another 25 percent spent 40 to 50 percent. (page 3)

Among the 9 percent of working poor families headed by married couples who paid for child care, 23 percent spent more than half their cash income on child care, and another 21 percent spent between 40 and 50 percent. (page 3)

This resource is available on the Web at <http://www.childtrends.org/files/PoorFamiliesRB.pdf>.

■ “PPL Table 6 Average: Weekly Child Care Expenditures by Employed Mothers of Children Under 14, Children Under 5, and Children 5 to 14: Spring 1999” (January 2003), *Detailed Tables* (PPL-168), in *Who’s Minding the Kids? Child Care Arrangements: Spring 1999*, by U.S. Census Bureau, presents detailed tables of child care data from the 1996 Survey of Income and Program Participation (SIPP) Panel conducted between April and July 1999. It provides information regarding child care payments made by employed mothers for children of different age groups. PPL Table 6 is available on the Web in Microsoft Excel format at <http://www.census.gov/population/socdemo/child/ppl-168/tab06.xls> or in PDF at <http://www.census.gov/population/socdemo/child/ppl-168/tab06.pdf>.

Other PPL 168 tables include data on child care arrangements for preschoolers by family characteristics and by employment status of mother, child care arrangements for children in grade school by family characteristics and employment status of mother, and children in self care. A historical data table showing SIPP’s findings regarding the primary child care arrangements used by employed mothers of preschoolers also is available for all the surveys between 1985 and 1999. This resource is available on the Web at <http://www.census.gov/population/www/socdemo/child/ppl-168.html>.

■ “Getting Help with Child Care Expenses” (February 2003), *Occasional Paper* (No. 62), by Stefanie Schmidt, Sarah Adelman, and Linda Giannarelli, published by the Urban Institute, explores how much help employed families get with child care expenses and the types of help they receive. The findings are presented for all employed families as a whole and for different groups of families (e.g., low-income families and families with preschool-age children). The paper also examines the relationship between child care help and child care expenses. The analysis is based on the National Survey of America’s Families (NSAF), a nationally representative survey focused on families with children. This analysis focuses on the 1999 data, with some discussion of differences between the 1997 and 1999 results. This resource is available on the Web at http://www.urban.org/UploadedPDF/310615_OP62.pdf.

■ *Who's Minding the Kids? Child Care Arrangements: Spring 1997* (July 2002), *Current Population Reports* (P70-86), by Kristin Smith, published by the U.S. Census Bureau, reports the number and characteristics of children in different child care arrangements as well as family expenditures on child care for all children under the age of 15. It examines child care costs for different types of arrangements for preschool and grade-school-age children, and the overall family expenditures for child care costs for selected socioeconomic characteristics. This resource is available on the Web at <http://www.census.gov/prod/2002pubs/p70-86.pdf>. Additional reports with data for previous years are available on the Web at <http://www.census.gov/population/www/socdemo/childcare.html>.

■ *America's Child Care Problem: The Way Out* (2002), by Suzanne Helburn and Barbara Bergmann, published by Palgrave Macmillan, provides an in-depth look at the child care industry by identifying crucial problems such as quality of care and the high cost of even mediocre care. The book identifies needed changes, including stronger regulatory procedures for providers and suppliers of care and tens of billions more in government subsidies to provide help for hard pressed parents. The book provides policy recommendations to help improve the current system by expanding eligibility to more families and eliminating the "cliff effect," which abruptly cuts off child care subsidies when parent earnings rise above the income eligibility threshold. To order a copy of the book contact Palgrave Macmillan Customer Service at 212-982-3900 or on the Web at <http://www.palgrave.com>.

■ *Child Care Expenses of America's Families* (December 2000), by Linda Giannarelli and James Barsmantov, for the Urban Institute, uses data from the 1997 National Survey of America's Families (NSAF) to estimate the child care expenses of working families with children under age 13. The report discusses a number of issues related to the child care expenses of America's families, including the child care spending patterns of families with younger children compared with families with older children, single-parent families compared with two-parent families, and low-earning families compared with higher-earning families. The report states:

Among the 48 percent of working families with children under age 13 that paid for child care, the average monthly expense was \$286 per month, or an average of 9 percent of earnings. For families paying 9 percent of their earnings for child care, the expense is probably the second largest in the family's budget, after rent or mortgage. Of course, 52 percent of working families do not spend any of their earnings on child care. Across all families, those that do and don't pay, the average expense was \$139 per month, or 4 percent of earnings. (page 4)

This resource is available on the Web at http://www.urban.org/UploadedPDF/310028_occ40.pdf.

■ *The High Cost of Child Care Puts Quality Care Out of Reach for Many Families* (2000), by Karen Schulman, published by the Children's Defense Fund (CDF), includes the average annual costs in urban areas, rural areas, and Statewide, for a 12-month old, a 4-year-old, and a school-age child in center care and family child care. The report states:

Low-income families have the fewest choices. They cannot afford not to work, yet even average-priced child care is unaffordable. Non-poor families, on average, spend 7 percent of their income on child care. Even if a two-parent family with both parents working full time at minimum wage (\$21,400 a year before taxes) managed to budget 10 percent of their income for child care (\$2,140 a year), they would be left several thousand dollars short of what they needed to afford average-priced child care, much less the higher prices charged by many better quality centers and family child care homes. (page 1)

A survey of child care costs in the 50 states reveals that child care is one of the biggest expenses that families face in raising their children. Child care can easily cost an average of \$4,000 to \$6,000 per year. In certain areas of the country, families may be spending more than \$10,000 a year on child care. Families with infants in care must grapple with particularly high costs. Among the cities surveyed, the average price of center care for infants is generally about \$1,100 a year more than the average price of center care for 4-year-olds. These are only the costs for one child's care — yet, many families face child care expenses for more than one child. (page 3)

This resource is available on the Web at

<http://www.childrensdefense.org/earlychildhood/childcare/highcost.pdf>.

For additional information, contact CDF at 202-628-8787 or on the Web at

<http://www.childrensdefense.org>.

■ “Child Care Demographics: The Cost of Center-Based Child Care” (February 1999), in *Inside Child Care: Trend Report 2000*, by Child Care Information Exchange (CCIE), discusses the cost of child care, expenditures, and funding sources. For more information, contact CCIE at 800-221-2864 or on the Web at <http://www.childcareexchange.com>.

■ “Child Care Fees Across the Nation” (April 1998) in *Trend Reports*, by the National Association of Child Care Resource and Referral Agencies (NACCRRA) and the Child Care Information Exchange (CCIE), lists child care fees by age of child, child care center, and family child care home for eight States (i.e., Arizona, Florida, Kentucky, Massachusetts, Michigan, Minnesota, New Jersey, and Washington). For additional information, contact NACCRRA at 202-393-5501 or on the Web at <http://www.naccrra.org>.

■ *Cost, Quality, and Child Outcomes in Child Care Centers* (1995), by Suzanne Helburn, Mary L. Culkin, John Morris, Naci Mocan, Carollee Howes, Leslie Phillipsen, Donna Bryant, Richard Clifford, Debby Cryer, Ellen Peisner-Feinberg, Margaret Burchinal, Sharon Lynn Kagan, and Jean Rustici in collaboration with the Economics Department at University of Chicago, is a study that discusses average full-time monthly fees charged by centers for care of infants and preschool children in four States: California (Los Angeles County); Colorado (the Front Range); Connecticut (the New Haven/Hartford corridor); and North Carolina (the Piedmont Triad). For more information about this study or to order a copy, contact Naci Mocan, Department of Economics, University of Colorado at Denver, at 303-556-8540 or 303-556-4934.

SELECTED STATE RESOURCES

■ *Child Care and Education in Oregon and its Counties: 2000* (February 2003), by Bobbie Weber and Becky Vorpapel, published by Oregon Child Care Partnership, Oregon State University, describes how the child care and education system is doing in Oregon through State and county profiles. The report links findings to Oregon's principal child care benchmarks: affordability, availability, and quality. Affordability emerges as the major issue. In most of the State, the price of child care exceeds public college tuition. This is especially an issue for families earning under \$25,000 who spend 22 percent of their household income on child care. Availability of infant/toddler care and care for children with special needs is an issue throughout the State. Problems with availability of care are greatest in rural counties. Low wages and an absence of benefits result in a crisis-level shortage of persons willing to work in the child care industry. Low levels of training and high staff turnover threaten the quality of care available. This resource is available on the Web at

<http://www.hhs.oregonstate.edu/familypolicy/occrp/publications/2003-ChildCare-Oregon-and-Counties.pdf>.

■ *Child Care Price Dynamics in California* (2003), by Grecia Marrufo, Margaret O'Brien-Strain, and Helen Oliver, published by the Public Policy Institute of California, combines data from nearly a decade of market rate surveys on child care price to address four questions on child care price dynamics in California. These questions include: (1) What has been the trend in prices for licensed child care over the last decade? (2) What has been the trend in other aspects of the child care market such as wages in the child care industry and the supply of child care? (3) How are price changes related to local economic conditions? and (4) Did welfare reform or child care subsidy increases affect the trends in prices? Between 1992 and 2001, expenditures on child care subsidies in California rose from \$125 million to \$1.5 billion, which is equivalent to about \$375 for every child in California under 5-years-old. Despite this dramatic increase, some 200,000 children in California are still on the waiting list for child care subsidies, and many families are eligible for assistance but are unaware that they qualify. Market prices for child care are examined. The study concludes that State subsidies, which accounted for roughly 20 percent of gross receipts in the California child care market in the 1990s, put significant upward pressure on child care prices during that time. This resource is available on the Web at

http://www.ppic.org/content/pubs/R_1203GMR.pdf.

■ *One-Third of a Nation's Future: Children in the South* (August 2002), by Deborah Weinstein, Danielle Ewen, and Gregg Haifley, published by the Children's Defense Fund (CDF), discusses the progress southern States have made over the past 10 years in terms of poverty reduction and health insurance accessibility, and identifies remaining challenges, including the cost of quality child care. The report lists the average annual costs for center-based child care for a 4-year-old in an urban area by various southern States. This resource is available on the Web at http://www.childrensdefense.org/familyincome/childpoverty/SGARReport_ChildrenSouth.pdf.

■ *Early Education 2002 Status Report for the Greater Kansas City Area* (2002), by the Metropolitan Council on Child Care (MCCC) at Mid-America Regional Council (MARC), provides insight to the current state of early education across eight counties in Kansas and Missouri, including information about the cost of care. For a copy of this report, call the

Metropolitan Council on Child Care at (816) 474-4240, ext. 229. Additional information is available on the Web at <http://www.metrodataline.org/rdcbrochure.htm>.

■ *The California Child Care Portfolio 2001: A Compilation of Data About Child Care in California County by County* (January 2002), by the California Child Care Resource and Referral Network, presents a compilation of data about child care for each of California's 58 counties. The California Statewide report includes a narrative highlighting child care supply, demand, and cost issues in the context of current policy, demographic and labor force trends, followed by Statewide data on child care supply, demand, and cost, and graphic profiles of child care supply and demand. Fifty-eight separate county level reports also include data on child care supply, demand, and cost; county graphic profiles of child care supply and demand; and a brief narrative providing context for the data. This resource is available on the Web at http://www.rnetwork.org/rnet/resources_and_links/1046998625.php.

■ *Child Care Use in Minnesota: Report of the 1999 Statewide Household Child Care Survey* (January 2001), prepared for the Minnesota Department of Children, Families and Learning, describes child care use in Minnesota among households with children age 14 and younger based on Statewide telephone survey data collected from June 1999 through March 2000. The survey collected information about the youngest child's care for the entire prior week, accounting for who cared for the child in what settings for every hour of the prior seven days. The study also included information on reasons for choosing various arrangements, costs of child care, work-related issues, and parent satisfaction with current child care arrangements. The results are useful for assessing the availability, quality, and affordability of child care for all families in Minnesota. This resource is available on the Web at <http://www.wilder.org/research/reports/pdf/childcareuse1-01.pdf>.

■ *Changes in the Availability Quality and Price of Child Care in Massachusetts between 1997 and 1999* (November 2000), by Robert Witt, Magaly Queralt, and Ann Dryden Witte, published by the Department of Economics Wellesley College, describes changes in the availability, quality and price of child care offered by licensed child care and early childhood education providers in five representative areas of Massachusetts for the years 1997, 1998, and 1999. The report compares providers that receive subsidies under the Child Care and Development Fund (CCDF) and other Commonwealth subsidy programs and providers who did not receive such subsidies between 1997 and 1999. This resource is available on the Web at http://www.wellesley.edu/Economics/wkpapers/wellwp_0012.pdf.

RESOURCES ON MILITARY CHILD CARE COSTS

■ *Examining the Cost of Military Child Care* (2002), by RAND, is a study to develop estimates of the costs associated with providing care in Child Development Centers (CDC), Family Child Care (FCC) homes, and in school-age care (SAC) operated by Child Development Programs (CDPs) operated by the Department of Defense (DoD), and in centers operated by outside providers under contract to the DoD. Separate child care cost estimates were made for children of different ages, even though a long-standing DoD policy bases CDC parent fees on total family income rather than on the age of the children in care. The report states:

Costs for CDC Care

Average annual cost per child in CDC care is closely linked to a child's age, as

shown in Table 4.1. This result is driven by what we know about the delivery of child care—with fewer children per caregiver permitted at younger ages, it simply costs more to care for younger children than older children. Comparing average annual cost for infants with that for preschoolers, it is apparent that costs for the former group are almost double what they are for the latter group. These huge cost differences are not surprising when one examines the Maximum Allowable Ratios column: the caregiver-to-child ratio is three times larger for preschoolers than it is for infants. (pp. 37–38)

For the reasons we just described, we were not able to calculate costs on an hourly basis. However, we can use reasonable assumptions to generate a rough way of translating hourly costs into annual costs. For example, if we assume that full-time center enrollment involves 2,500 hours per year of care (10 hours a day, 5 days a week, for 50 weeks a year), we find that the cost figures that we produced from our survey are lower than those found by the General Accounting Office (GAO) in its study of child-care costs in Air Force Centers (GAO, 1999). Using this multiplier, the GAO hourly cost estimates would translate into \$13,575 for infants; \$11,800 for pre-toddlers; \$9,900 for toddlers; and \$8,075 for preschoolers. (pp. 37–38)

The full report and summary are available on the Web at <http://www.rand.org/publications/MR/MR1415/> and <http://www.rand.org/publications/MR/MR1415/MR1415.sum.pdf>, respectively.

■ *What Are the Costs of Operating the Military's Child Care System?* (2002), a RAND Research Brief, examines the operational costs of child care in the military system, compares the costs of center-based and family child care within that system, looks at the cost of contractor-provided care, and contrasts DoD care with employer-provided care in terms of cost and fees. The document states:

The average annual cost of CDC care varies by child age and ranges from \$12,133 for infant care to \$4,595 for school-age care. However ... the DoD bases parent fees on total family income, not child age. As shown in the table, in fiscal year 1998 the DoD had five family income categories. The DoD heavily subsidizes CDC care, especially for the youngest children (infants and pretoddlers). Even the highest income group pays less than 50 percent of the cost of infant and pretoddler care, and the lowest income group pays less than 25 percent. (page 1)

This resource is available on the Web at <http://www.rand.org/publications/RB/RB7552/>.

■ *How Do Military and Civilian Center Costs Compare?* (October 1999), by the U.S. General Accounting Office (GAO) [now the General Accountability Office], compares the cost of the Department of Defense's (DoD) high-quality child development program with the cost of comparable care in the civilian market. Both the Congress and the Administration praised the high quality of the child development program operated by the DoD and identified it as a model for the rest of the nation. The report GAO/HEHS-00-7 is available on the Web at <http://www.gao.gov>. For additional information, contact GAO at 202-512-6000.

ADDITIONAL RESOURCES

■ The *Market Rate Survey Methods and Analysis* document under the Financing topic in the Popular Topics section of NCCIC's Web site at <http://nccic.org/poptopics/mrsmethods.html> provides a sample of resources with information about State child care market rate survey methods and analyses.

■ The *Economic Impact of Child Care* document under the Financing Topic in the Popular Topics section of NCCIC's Web site at <http://nccic.org/poptopics/econimpact.html> provides information on the economic impact of child care. Most studies of the economic impact of child care include an analysis of the cost of child care in the region studied.

The National Child Care Information Center does not endorse any organization, publication, or resource.